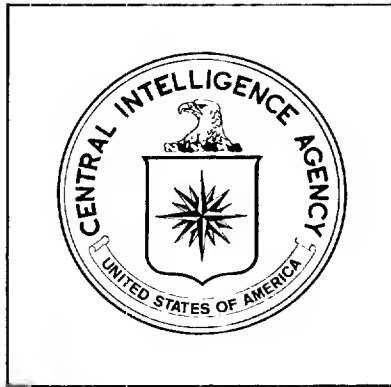


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C O N T E N T S

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Soviets Withhold Comment
on Middle East Situation

Thus far Moscow is letting the Arab nations take the lead in calling for a resumption of the Middle East peace conference in Geneva. The Soviets have withheld direct authoritative comment in their media or elsewhere on the breakdown of Secretary Kissinger's negotiating efforts, although they clearly see the collapse as supporting their position that Geneva is the only venue for achieving a settlement. They have given positive play to Foreign Minister Fahmi's call for a return to Geneva, and their propaganda broadcasts to the Arab world are aimed at keeping events moving in that direction.

The communique marking French Prime Minister Chirac's visit to Moscow, which was issued after the breakdown in the Egyptian-Israeli negotiations, continued the standard Soviet line on the Middle East, including recognition of the national rights of the Palestinians and guarantees for "all" nations in the Middle East. Preliminary evidence suggests that the Soviets did not press the French for any changes in the phraseology, which was prepared well before recent events. This suggests that Moscow intends to coordinate its position with Arab leaders before issuing a formal invitation to return to Geneva.

Not surprisingly, Soviet propaganda has placed the blame for the negotiating failure squarely on Israel. So far, the Soviets have been relatively easy on the US, although they have made the point to the Arabs that Washington's support for Tel Aviv lay behind Israel's intransigence.

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Gosplan Official Backs Two Reforms

A Gosplan official, V. Ivanchenko, has thrown his support behind two controversial reforms in the fields of management and planning. Writing in the January issue of *Voprosy Ekonomiki*, Ivanchenko reveals that some ministries are preparing to adopt next year a branch system of planning and cost accounting along the lines of the Ministry of Instrument Making, Automation Equipment, and Control Systems. Ivanchenko, deputy chief of Gosplan's department for the introduction of new methods of planning and economic incentives, writes that Gosplan, along with interested ministries, "has worked up a conception for the further development of this system." He says the essence of the system is to have ministries and all their elements function profitably on the basis of cost accounting, including the self-financing of capital investment.

N. P. Fedorenko, the leading proponent of optimal planning, published an article supporting this cost accounting system last September, and the following month Ivanchenko's department chief, N. Ye. Drogichinsky, urged that other ministries adopt the system used by the Ministry of Instrument Making. Senior Gosplan officials, however, have attacked the reduction of centralized, Gosplan control over the ministries which is implied by the reform (*Staff Notes*, October 29, 1974).

Ivanchenko also advocates a more flexible and continuous planning procedure. Under this system, a new five year plan would be drawn up every year to extend a year beyond the last one. A new fifteen year plan would be formulated every five years.

This proposal, especially its provision for continually revising five year plans, has also met opposition in Gosplan. Gosplan deputy chairman

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N. P. Lebedinsky wrote in *Kommunist* No. 3, February 1974, that sliding five year plans "clashed irreconcilably with the target functions and principles of directive planning." He asked, "What national economic task could be set, for example, for the year following the last year of a five year plan approved by the Party Congress and the USSR Supreme Soviet?" He did countenance sliding fifteen year plans and enterprises using sliding five year plans "as a guideline" in some aspects of their work.

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